
WEEKLY FINANCIAL SERVICES REPUBLICAN ROUND-UP

Americans Cannot Afford The Democrats' TARP 3.0

- The TARP 3.0 program would further cement the government as a lender in the financial markets.
- Now that the financial crisis has passed, it is time to end the experiment in public ownership of private enterprise - not extend it further.
- Rather than try something new, the Democrats are repeating the same mistakes of the past by proposing a third TARP in which the Federal government will invest \$30 billion in financial institutions in hopes of jump-starting lending. The American people have rejected this approach before.
- The new TARP program authorizes \$30 billion in "investments" while imposing no requirement that banks lend money to small businesses. How will this new TARP program be any more effective than TARP 1.0 or the Democrat stimulus plan?

Democrats' Failed Economic Policies Have Cost Taxpayers Trillions Of Dollars, Shown Government Cannot Spur Economic Growth Or Loans.

- Democrats continue to believe that they can spend, borrow, and tax their way to economic prosperity.

- However, when the Democrats rushed through a \$862 billion so-called "stimulus" bill they promised that the bill would create jobs "immediately" and unemployment would not rise above 8 percent. The end result of the Democrats' stimulus bills been record high unemployment and wasteful government spending.

- In its most recent quarterly report to Congress, the Special Inspector General for the Troubled Asset Relief Program (SIGTARP) said that the government's support for the financial system has now reached \$3.7 trillion.

Uncertainty Continues To Kill Jobs, Hurt Economic Activity.

- This week, certain ill-conceived provisions of the Dodd-Frank Act brought the securitization market that provides credit to our small businesses to a virtual standstill. A change by Rep. Mary Jo Kilroy (D-OH) that exposed the nation's three major credit rating agencies to unlimited liability was the source of this market disruption.
- Republicans warned during the conference that the Kilroy amendment would have severe consequences, but Democrats dismissed these concerns out of hand.
- This type of uncertainty is causing capital to remain on the sidelines. The Dodd-Frank bill directs 243 federal rulemakings, including rules on derivatives, consumer protection, compensation at financial companies, proprietary trading, and which companies will fall under the Fed's heightened prudential supervision.
- Our businesses need certainty from Washington in order to make plans for the future, invest, and hire more workers.

ON THE HORIZON

Tuesday, July 27 (and subsequent days if necessary): At 10 am in room 2128 Rayburn, the Full Committee will convene a markup session of H.R. 5814, the Public Housing Reinvestment and Tenant Protection Act; H.R. 4686, the Housing Preservation and Tenant Protection Act; H.R. 2267, the Internet Gambling Regulation, Consumer Protection and Enforcement Act; H.R. 3421, the Medical Debt Relief Act, H.R. 4790 the Shareholder Protection Act; H.R. 5823, the United States Covered Bond Act; and H.R. 476, the Housing Fairness Act.

Thursday, July 29: The Full Committee will convene a hearing entitled "Alternatives for Promoting Liquidity in the Commercial Real Estate Markets, Supporting Small Businesses and Increasing Job Growth" at 10 am in room 2128 Rayburn. At 2 pm, the Capital Markets Subcommittee will meet for a hearing on private mortgage insurance in room 2128 Rayburn.

WEEKEND MUST-READS

Wall Street Journal: "SEC Breaks Impasse With Rating Firms ... The Securities and Exchange Commission moved to defuse turmoil in the bond markets caused by ratings firms' refusal to allow their credit ratings to be used in deal documents."

NY Times: "Mortgage Securities It Holds Pose Sticky Problem for Fed ... The Federal Reserve provided most of the money for new mortgages in the United States last year, effectively lending more than \$1 trillion to American homeowners."

Wall Street Journal: "U.S. Treasury Devises Plan for Boards of Weak Banks ... The Treasury Department is working on a system for appointing board members to government-supported banks that have fallen behind on dividend payments to taxpayers, as more banks are running into such problems."

NY Times: "TARP Audit Questions Rush to Close Auto Dealers ... President Obama's auto task force pressed General Motors and Chrysler to close scores of dealerships without adequately considering the jobs that would be lost or having a firm idea of the cost savings that would be achieved, an audit of the process has concluded."

Fortune: "The wrong fix for small business lending ... In a speech last week, Federal Reserve chairman Ben Bernanke said banks across the country are systematically denying loan requests from financially credible small businesses."

Wall Street Journal: "Fight Over Consumer Agency Looms as Overhaul Is Signed ... President Barack Obama on Wednesday signed into law the most sweeping financial overhaul since the Depression, putting the country on a course toward a more muscular regulatory framework."

Wall Street Journal: "Pay Czar to Detail Large Payouts by Banks ... The U.S. pay czar is expected to issue a potentially embarrassing report as early as Friday detailing large sums paid out by financial firms to top executives and employees during the height of financial crisis, according to people familiar with the matter."

The Hill: "Wall St. bill boosting Washington economy ... The Wall Street reform bill President Obama signed into law Wednesday is serving as a fiscal stimulus for Washington."

REPUBLICANS IN THE NEWS

Rep. Ed Royce issued this press release: Royce: Dodd-Frank Rewards Instead of Restructures a Failed Regulator

Rep. Jeb Hensarling issued these press releases: Hensarling To Bernanke: Do You Agree Or Disagree With Yourself?; Hensarling: TARP = \$3.7 trillion with no oversight and no reform

Rep. Scott Garrett issued these press releases: Garrett Statement on Financial Reform Bill Signing; Garrett Opening Statement for Capital Markets SEC Oversight Hearing

Rep. Randy Neugebauer issued this press release: Neugebauer Request Hearing on Basel Capital Standards

Rep. Tom Price issued this press release: Price Comments on Dodd-Frank Bailout Bill Becoming Law

Rep. Thaddeus McCotter issued this press release: McCotter Discussing SIG Barofsky Report on Auto Dealer Closings

Rep. Bill Posey issued this press release: Rep. Posey Questions SEC Chair about Accountability for Madoff Blunder

Rep. Spencer Bachus issued these press releases: Fed Chairman Admits in Questioning That U.S. Has "Done Nothing" to Address Unsustainable Debt Path, Democrat Tax Hikes an "Option"; Bachus: Democrat Policies Further Economic Uncertainty, Destroy Jobs; Bachus: Republican Warnings of Collateral Damage from Dodd-Frank Already Proven Right; Bachus: After The Talk Of Shutting Down Betting on Wall Street, Democrats Move To Open Casinos In Every Home, Dorm Room; Bachus Statement As President Obama Signs Law to Reward Wall Street At The Expense Of Main Street Jobs; Bachus: How Many More Reasons Do The Democrats Need Before Acting On Fannie And Freddie?; Bachus Statement During SEC Oversight Hearing; Bachus Statement on SIGTARP Report Confirming Unnecessary Job Losses Occurred Due to Obama Administration's Bailout Policies; Bachus Questions Democrats' Timing in Rushing So-Called "Wall Street" Reform Before Releasing Record \$1.47 Trillion Deficit Figure

CARTOON OF THE WEEK

(Washington Post)